

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 COME-00 XMB-02 TRSE-00 CIAE-00

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R 162230Z MAY 75

FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 8782

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PASS EXIM BANK

E.O. 11652: N/A

TAGS: EFIN, VE

SUBJ: EXIM BANK COLLABORATION WITH VENEZUELAN INVESTMENT FUND

1. ON MAY 16, EMBASSY OFFICER SPOKE WITH CESAR MANDUCA, DIRECTOR GENERAL OF VENEZUELAN INVESTMENT FUND, TO REMIND HIM OF CONTINUING USG INTEREST IN HAVING THE FUND PARTICIPATE JOINTLY WITH EXIM BANK IN FINANCING PROJECTS IN OTHER LATIN AMERICAN COUNTRIES. MANDUCA REPLIED THAT THE FUND NEEDED TO BE VERY CAREFUL TO AVOID APPEARANCE OF ASSISTING THE UNITED STATES IN PROVIDING SUCH CREDITS. EMBASSY OFFICER REMINDED MANDUCA THAT CREDITS TO THIRD COUNTRIES SHOULD IN NO WAY BE INTERPRETED AS ASSISTING THE UNITED STATES, SINCE FUNDS PROVIDED BY VENEZUELA WOULD NOT NORMALLY BE USED TO FINANCE U.S. EXPORTS. EMBASSY OFFICER INFORMED AMANDUCA THAT AMBASSADOR SHLAUDEMAN INTENDED TO CALL ON FUND PRESIDENT CONSTANTINO QUERO MORALES IN THE NEAR FUTURE AND MIGHT WISH TO DISCUSS THE MUTUAL ADVANTAGES OF THIS TYPE OF FINANCIAL COOPERATION.

2. MANDUCA SAID THAT FINANCE MINISTER HECTOR HURTADO (CHAIRMAN OF THE FUND'S BOARD OF DIRECTORS) IS IN FAVOR OF A COOPERATIVE ARRANGEMENT WITH THE EXIM BANK. MANDUCA BELIEVES, THEREFORE, THAT PROSPECTS ARE GOOD FOR A FAVORABLE DECISION. HE SAID THAT HE WOULD BRING THE MATTER

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TO THE ATTENTION OF DR. QUERO MORALES SO THAT HE WOULD

BE FAMILIAR WITH THE PROPOSAL WHEN AMBASSADOR SHLAUDEMAN CALLS.

COMMENT. UNTIL RECENTLY, IT APPEARED LIKELY THAT BOTH MANDUCA AND QUERO MORALES WOULD BE LEAVING THE VENEZUELAN INVESTMENT FUND. IT NOW APPEARS, HOWEVER, THAT AT LEAST FOR THE TIME BEING THEIR POSITIONS ARE SECURE. MGVERTHELESS, THE FUND IS STILL SUFFERING THE EFFECTS OF FREQUENT PERSONNEL CHANGES AND A LACK OF EFFECTIVE LEADERSHIP. ALTHOUGH MANDUCA DID NOT REFER TO IT, THE STATUTES OF THE FUND LIMIT INTERNATIONAL FINANCIAL ASSISTANCE TO 15 PERCENT OF TOTAL CAPITAL. IN RECENT TESTIMONY TO THE CONGRESS, QUERO MORALES SAID THAT ALREADY 11 PERCENT OF CAPITAL HAS BEEN ALLOCATED TO THIS PURPOSE. THEREFORE, THE FUND WOULD BE LIMITED IN THE AMOUNT IT COULD MAKE AVAILABLE FOR COOPERATIVE FINANCING WITH EXIM BANK. - - IF IN FACT THE FUND PROVES TO BE IN A POSITION TO GO AHEAD WITH SUCH COOPERATION.

SHLAUDEMAN

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